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Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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TO SECSTATE WASHDC 1565
INFO CINCPAC
USLO PEKING
AMEMBASSY TAIPIE
AMEMBASSY TOKYO

C O N F I D E N T I A L HONG KONG 9075

E. O. 11652: GDS
TAGS: PINT, CH
SUBJECT: HUA REVEALS CONSENSUS NOT CONTENTION AT FINANCE AND TRADE CONFERENCE

REF: HONG KONG 7167, HONG KONG 8584

SUMMARY: AWARE OF GROWING CADRE SENSITIVITY TO POSSIBLE DISSENSION WITHIN THE LEADERSHIP, THE POLITBURO HAS APPARENTLY RESOLVED TO PUT FORWARD A NEW FACE OF UNITY BEFORE THE CHINESE PEOPLE. CHAIRMAN HUA KUO-FING'S JULY 7 SPEECH TO THE NATIONAL CONFERENCE ON FINANCE AND TRADE CONTAINED NONE OF THE CONTENTIOUSNESS CHARACTERISTIC OF RECENT SPEECHES BY TOP LEADERS. HUA POSITED A LESS DOMINANT PLACE FOR MAO'S THOUGHT, CRITICIZED THOSE WHO PLACE POLITICS ABOVE ECONOMIC LAW AND REFRAINED (FOR THE FIRST TIME IN A MAJOR SPEECH) FROM CRITICIZING LIU SHAO-CHI. THIS SPEECH, COMBINED WITH THE JULY 1 PUBLICATION OF MAO'S 1962 SPEECH ON DEMOCRACTIC CENTRALISM, INDICATES THAT A POLITBURO-LEVEL DECISION HAS BEEN REACHED TO REINSTITUTE A COLLECTIVE LEADERSHIP WHICH ALLOWS FRANK DISCUSSION OF DIFFERENCES IN PRIVATE, BUT
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PROHIBITS THEIR PUBLIC AIRING. END SUMMARY.

1. THE TONE OF HUA'S SPEECH TO THE NATIONAL CONFERENCE ON FINANCE AND TRADE IS AN ABRUPT DEPARTURE FROM THE TENDICIES TOWARD DIVISIVENESS NOTED SINCE MARCH. HUA'S SPEECH RELECTS THE PRAGMATIC LINE OF VICE-CHAIRMAN TENG HSIAO-PING AND DISPLAYS NONE OF

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THE CONTENTIOUSNESS WHICH HAS CHARACTERIZED RECENT SPEECHES AND ARTICLES BY THE TOP LEADERS (REFTELS), SUGGESTING THAT THE POLITBURO HAS REASSERTED THE PRINCIPLE OF COLLECTIVE LEADERSHIP. THE SPEECH'S EMPHASIS ON POLICIES ENDORSED BY TENG SUGGESTS THAT THE LATTER, IN CONCERT WITH OTHER CENTRAL FIGURES, INCLUDING TECHNOCRATS SUCH AS LI HSIEN-NIEN, WAS ABLE TO PUSH THROUGH THE POLITBURO A RESOLUTION EMPHASIZING COLLECTIVE LEADERSHIP, DISCIPLINE AND THE RESPONSIBILITY OF LEADERS TO THE MASSES. THIS CONCLUSION IS ALSO SUGGESTED BY THE JULY 1 PUBLICATION OF MAO'S 1962 SPEECH ON DEMOCRACTIC CENTRALISM (WHICH ALSO WOULD HAVE REQUIRED A POLITBURO-LEVEL DECCISION), AS WELL AS DISCUSSION OF MAO'S TALK IN A JULY 7 PEOPLE'S DAILY ARTICLE BY SINKIANG PROVINCE FIRST SECRETARY WANG FENG, A VETERAN CADRE WHO ATTENDED THE 1962 SPEECH.

2. DIFFERENCES BETWEEN HUA AND TENG EXPRESSED IN RECENT MAJOR SPEECHES HAVE NOT GONE UNNOTICED BY THE POLITICALLY SENSITIVE IN CHINA AND PRESUMABLY HAVE CONTRIBUTED TO THE ANXIETIES OF CADRE OVER THE FUTURE. ATTEMPTS BY PEKING TO ALLEVIATE THIS FEAR HAVE CLEARLY NOT BEEN ENTIRELY SUCCESSFUL. RECOGNITION OF THIS PROBLEM MAY HAVE INSTIGATED THE RESTORATION OF "DEMOCRACTIC CENTRALISM" WITHIN THE POLITBURO. IF THIS IS THE CASE, DIFFERENCES WILL BE FRANKLY DISCUSSED CONFIDENTIAL

WITHIN THE POLITBURO, BUT WILL NOT BE AIRED PUBLICLY.

3. HUA'S SPEECH, WHICH IS VERY SIMILAR IN TONE TO RECENT STATEMENTS BY TENG,A ADMONISHES THE AUDIENCE TO READ THE WORKS OF MARX, ENGLES, LENIN, STALIN AND MAO, THEREBY REDUCING MAO TO SIMPLY ONE OF THE PANTHEON OF MARXIST HEROES, RATHER THAN A FIGURE TOWERING ABOVE THE OTHERS. AS TENG AND HIS SUPPORTERS HAVE OFTEN DONE RECENTLY, HUA USED THE EXAMPLE OF MAO'S RECOGNITION OF HIS OWN IGNORANCE (IN THIS CASE, OF ECONOMIC THEORY) TO JUSTIFY LEARNING FROM PRACTICAL EXPERIENCE AND FROM OTHERS. THUS, HUA FOR THE FIRST TIME HAS IDENTIFIED HIMSELF WITH THE PROCESS OF DE-MYTHOLOGIZING MAO.

4. STRESSING THE NECESSITY OF LEARNING FROM OTHER COUNTRIES, HUA COMPLAINED THAT SOME COMRADES ADOPT AN ATTITUDE OF "CONCEIT AND COMPLACENCY, CONSERVATISM AND PAROCHIAL ARROGANCE" WHEN SLIGHT PROGRESS IS MADE, IN EFFECT CRITICIZING THE INWARD-LOOKING CR-ERA PARTY MEMBERS WHO ARE HIS MAIN BASE OF SUPPORT. IN ADDITION, HUA CRITICIZED THOSE WHO IMAGINE THAT

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PUTTING POLICITS IN COMMAND MEANS NEGLECTING ECONOMIC
LAWS, A THEME OF A JUNE 22 PEOPLE'S DAILY EDITORIAL
WHICH WE PERCEIVED AS REINTERPRETING MAO AND HUA FOR
THE SAKE OF JUSTIFYING TENG-INITIATED POLICIES.

5. PERHAPS MORE SIGNIFICANT IS THE ABSECE OF HUA'S
STANDARD CRITICISM OF LIU SHAO-CHI AND THE THEME
OF RECTIFICATION. FOR THE FIRST TIME SINCE HIS
ASCENSION TO THE CHIARMANSHIP, HUA REFRAINED FROM
CRITICIZING LIU IN A MAJOR ADDRESS. TENG, LIU'S
FORMER LIEUTENANT, HAS NEVER CRITICIZED HIS OLD BOSS.
HUA WAS ALSO SILENT ON THE ISSUE OF RECTIFICATION.
THE LATTER WAS MENTIONED IN EARLIER CONFERENCE
SPEECHES BY VICE PREMIERS LI HSIEN-NIEN AND YU
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CHIJ-LI. BECAUSE OF ITS POLITICAL NATURE, IT WOULD
SEEM TO WARRENAT INCLUSIN IN A SPEECH BY THE
NATION'S SUPREME POLICITCAL LEADERS OMISION OF
THE RECTIFICATION THEME FROM HUA'S SPEECH, HOWEVER,
SUGGESTS AN INABILITY TO AGREE ON THAT
ISSUE. NEVERTHLESS, HUA'S ACQUIESCENCE IN THE DE-
MYTHIFICATION OF MAO, THE NEED FOR WESTERN TECHNOLOGY,
AND POSSIBLY OTHER ISSUES IS LIKELY TO RESULT, AT
LEAST FOR THE TIMEBEING, IN DISPLAYING A NEW FACE
OF LEADERSHIP UNITY BEFORE THE NATION.
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